

MINUTES

BOARD OF TRUSTEES
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 602
Indianapolis, IN 46204

May 20, 1999

TRUSTEES PRESENT

Richard Doermer, Chair
Nancy Turner, Vice Chair
Dr. Teresa Ghilarducci
Steven Miller
Jonathan Birge

OTHERS PRESENT

Diana Hamilton, Special Liaison to the Governor for Public Finance
Mary Beth Braitman, Ice Miller Donadio & Ryan
Kris Ford, Wm. M. Mercer Investment Consulting
Pete Keliuotis, Wm. M. Mercer Investment Consulting
Bill Monroe, Wm. M. Mercer Investment Consulting
Richard Boggs, Burnley Associates
Karen Franklin, National City Bank
E. William Butler, PERF Executive Director
Mark Webb, PERF Deputy Director & General Counsel
Patrick Lane, PERF Executive Assistant
Bill Hutchinson, PERF Division Director, Pension Administration
Dave Yeater, PERF Controller
Linda Stahl, Recording Secretary

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

- A. Agenda of May 20 & 21, 1999 Meeting
- B. Minutes:
 - ◇ March 8 & 9, 1999 Board of Trustees Meeting
 - ◇ March 8, 1999 Investment Committee Meeting
 - ◇ April 16, 1999 Investment Committee Meeting
 - ◇ April 13, 1999 Benefits Administration Committee Meeting
- C. Statements of Retired and Disabled Members - PERF, Judges' Retirement System, Conservation & Excise, and Police & Fire
- D. Reports, Summaries, Memorandums and/or Letters Concerning:

- ◇ Member Statement of Account
- ◇ Employer Contribution Rate
- ◇ State Board of Accounts Audit
- ◇ Current Legislation
- ◇ Draft Rule for Cost-of-Living Increase
- ◇ Quarterly Financial Statement
- ◇ Budget Update
- ◇ Year 2000 Update
- ◇ Real Estate Update
- ◇ New Units & Enlargements

A quorum being present, Chair Doermer called the meeting to order.

1. MINUTES APPROVAL

MOTION duly made and carried to approve the Minutes of the March 8 & 9, 1999 meeting.

Proposed by: Jonathan Birge
Seconded by: Nancy Turner
Votes: 5 for, 0 against, 0 abstentions

2. BOARD DISCLOSURES

The following Trustees voiced their intent to abstain from any discussion/vote concerning matters of possible conflict of interest as follows:

Jonathan Birge	-	Prime Capital Management (Law firm represents Prime)
Richard Doermer	-	Banc One Corporation and its affiliates (Stock ownership)

3. BENEFITS

Benefits Administration Committee Report

The Benefits Administration Committee met on April 13 to discuss the following matters:

A. Fire Suppression System

Committee agreed to proceed with the installation of a clean-agent, gaseous, fire suppression system to protect the paper files on the 8th floor.

Total cost of the system will be approximately \$40,000, and construction is currently underway.

B. Space Planning

The architectural firm of Lansom & Condon has been working with the PERF executive staff to determine the most efficient use of space on the four floors to be occupied by PERF. Plans are to move the executive offices to the fifth floor, the finance area to the sixth floor, benefits administration to the 7th floor, and the 8th floor would be used for the file area and agency growth. Once all the electrical, dry wall, etc. needs have been considered, a formal bid will then be obtained from the construction company.

C. Tort Claim Immunity

Following previous discussion concerning Board immunity with respect to the ownership/management of real property, the Department of Administration's General Counsel and the Attorney General's Office were contacted, along with the chief litigator at Ice Miller Donadio & Ryan who handles tort claims on behalf of the State of Indiana. The determination was that there is, in fact, no immunity for the State based solely on its ownership of buildings and grounds. Suggestion was raised that an alternate possibility would be to consider transfer of title to a limited liability corporation owned by PERF.

4. INVESTMENTS

Investment Committee Report

The Investment Committee met on April 16 and May 20 to discuss the following matters:

A. Prime/FirstTrust Indiana Merger

Prime properly disclosed both the departure of a key staff member and their intent to merge with FirstTrust Indiana. Prime will respond to the fixed income Broad Agency Announcement as FirstTrust Indiana.

B. Commission Recapture Update

The Committee recommended the Board wait to establish any sort of commission recapture program once the equity manager structure has been established and funded.

C. Broad Agency Announcement Update

The Announcement was mailed and put on the Department of Administration's ("DOA") WEB page on or about April 28. Questions have been received and answers drafted and returned to DOA. Presumably, those have been published and are currently on the WEB site. An ad announcing the search was also placed in the May 3 issue of *Pensions & Investments*. The response deadline for the BAA is June 2.

D. Investment Policy Guidelines

A number of changes to the Investment Policy were discussed. The Committee will continue to pull all those changes together to bring before the Board at its August meeting. However, the Committee did have one Policy change they felt needed to be handled on a timely basis involving insurance coverages of the managers. Therefore,

MOTION duly made and carried to change the Investment Policy to require, effective September 1, insurance coverage of all money managers in the following amounts:

Errors and Omissions Coverage	- Minimum of \$5 Million
Fiduciary Liability Coverage	- Minimum of \$5 Million
Bonding	- Minimum of \$3 Million

Proposed by: Steve Miller
Seconded by: Jonathan Birge
Votes: 5 for, 0 against, 0 abstentions

Another Policy change concerned investment guidelines for money market funds. There are three places where money market funds come to bear. One is as an investment option of the annuity savings account. Another is as a cash vehicle for the investment managers for sweeping transaction income. The third is as cash collateral in the securities lending program. Committee agreed that guidelines should be established for investments of the short term investment fund as well as the cash collateral pool. There are guidelines specified in the securities lending agreement with National City Bank, but they are not part of the Investment Policy. Therefore, PERF's consultants have been asked to recommend guidelines which they will bring to the next meeting of the Investment Committee for inclusion in their recommendations to the Board.

E. Duration Rebalancing

Money was previously moved to Barclays Global Investors until such time that new fixed income managers have been selected. Barclays was asked to rebalance to the index as cash flow was generated by the Fund and reinvested. The duration of those accounts has drifted a bit from the index to where the portfolio is a bit short of the index. The question then arose as to whether Barclays at some point should rebalance back to the index duration. It was the Committee's recommendation that such rebalancing take place once the BAA has been completed and permanent managers have been hired.

F. Conseco Violation

There is currently State law which prohibits any investment manager from holding securities of PERF's custodial bank or sub-custodians. That law will change effective July 1 so that the managers can hold that paper. However, it was discovered that Conseco is currently holding securities issued by National City Bank, the Fund's custodian. Following some discussion, the Committee felt they had no choice but to notify Conseco that the security would have to be moved from the portfolio and PERF would have to be reimbursed for any loss on the security. That loss will be defined as the difference between what the security was sold for and what it cost Conseco.

G. Securities Lending

National City Bank has a relationship with both Chase and Bank One to do securities lending. Several months ago, the Board held some concerns about the arrangement with Chase. The Committee felt it would be a good idea for the Fund's consultant to take a look at the current securities lending operation and identify what risks are there. Some discussion of the matter was undertaken at the Committee's May 20 meeting; however, further review of the matter will be done over the next few weeks and a more detailed report made to the Investment Committee at its next meeting.

H. Equities Funding

Currently, there is a 40% allocation to equities. Of that, 33% is Large Cap and 6%+ is Small Cap. In approximately one month the target for Large Cap equity will be reached but not for the equity exposure in total due mainly to the fact that no International or Mid Cap managers have been hired. Following discussion, Committee consensus was that money should continue to be moved into the Large Cap and "parked" there until the portfolio can be diversified into other equity allocations. The "Prime

B" account is currently being used as the source for that funding. With the NBD staff having moved to FirstTrust Indiana, it was recommended that the NBD portfolio be used next and that the current pace of funding be maintained at \$120 Million per month.

I. Asset Liability Study

Another top to bottom asset liability study will be undertaken during the third quarter of 1999 looking also at some sub-issues of the Pension Relief Fund and the 1977 Police & Fire Fund to make sure investments are being handled properly.

Real Estate Asset Analysis

A question has arisen as to the value of the two PERF-owned properties as an investment. An analysis is currently underway and a report should be ready for the next meeting of the Board. Note was made that one of the recommendations would be to dress up the main lobby of the 143 West Market Street building. As the Fund moves forward in that effort and in remodeling the PERF offices, money will need to be moved from the building account at National City Bank to the property manager's account thereby enabling them to account for all the capital expenses. Therefore,

MOTION duly made and carried to authorize PERF staff to move money for building renovations as so noted.

Proposed by: Teresa Ghilarducci
Seconded by: Nancy Turner
Votes: 5 for, 0 abstentions, 0 against

Performance Analysis

Kris Ford distributed a quarterly performance summary (copy on file) and asked that the Trustees review the report when they had an opportunity. Because this was Mercer's first such report to the Board, their time today was spent explaining its format and assessing its contents to ensure that the report contained all the information the Trustees would like reflected therein.

Investment Compliance Report

Richard Boggs distributed to the Trustees copies of a new report (copy on file) prepared for the purpose of providing information regarding the investment managers' compliance with the Fund's Investment Policy.

An overview of that report shows that in the area of asset allocation steady progress continues to be made to achieve the long-term goals of the Fund. With monies being shifted from bonds to stocks at the rate of \$120 Million per month, the allocations on March 31 were Large Cap Domestic Equities 33%, Small Cap Domestic Equities 6%, and Domestic Bonds 61%. All investment

managers appear to be following the investment styles for which they were hired. No obvious violations of the guidelines were detected. Lending efficiency and income generation appeared to be similar to the results obtained during 1998. Such income to PERF offsets approximately 30% of investment management and custody fees. Commissions averaged 3 cents per share. The S&P Index trades were at 1.5 cents, the Large Cap Enhanced Index trades were at 3-4 cents, and the Small Cap managers traded at 5-6 cents. These ranges are within the acceptable ranges for large institutional portfolios. With respect to proxy voting, the procedure by which the custodian bank forwards proxies to the investment managers to be voted was not established until mid-May. It now appears to be working satisfactorily.

Mr. Boggs also distributed to the Trustees copies of a draft letter to be sent to all equity managers pointing out to them that PERF's Investment Policy requires that commissions be best execution and lowest cost and provide benefits exclusively for the members and beneficiaries of the Fund. Secondly, it would remind them that a reporting is required and delineated the information to be included in the report. Bill Butler and Mr. Boggs will further discuss the contents of the letter for mailing to the managers in the next week or so.

5. RECESS

With no further business, the Board recessed to reconvene at 8:30 a.m. on May 21.

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May 21, 1999

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Nancy Turner, Vice Chair
Dr. Teresa Ghilarducci
Steven Miller
Jonathan Birge

OTHERS PRESENT

Mary Beth Braitman, Ice Miller Donadio & Ryan
Kris Ford, Wm. M. Mercer Investment Consulting
Karen Franklin, National City Bank
Doug Todd, McCready & Keene, Inc.
E. William Butler, PERF Executive Director
Mark Webb, PERF Deputy Director & General Counsel
Patrick Lane, PERF Executive Assistant
Diann Clift, PERF MIS Director
Bill Hutchinson, PERF Division Director, Pension Administration
Dave Yeater, PERF Controller
Linda Stahl, Recording Secretary

1. ACTUARIAL

Doug Todd, McCready & Keene, reviewed for the Trustees the valuation report for the Excise Police & Conservation Enforcement Officers' Retirement Plan (report on file).

Employer Contribution Rates

Mr. Todd explained that every year McCready & Keene reconsiders the contribution rate for virtually every employer of PERF (approximately 1,000). Each rate is individually calculated and is subject to the employer's own experience. For example, if a unit chooses to provide a large salary increase,

their rate would go up. Also, if a lot of new people are hired or there is a lot of turnover, the rate would also be impacted. Historically, there has been a smoothing process used whereby a rate which actually increased from 8 %, for example, to 10% would only be adjusted to perhaps 9% with a review the following year. If there was some experience gains the following year, the rate might hold at 9% for the following year. The reason for the smoothing is to remove the shock from the employer. The constraints under which most cities and towns work with the property tax controls in Indiana puts some rather significant constraints on their ability to generate new income through tax increases. So finding the additional money for many of them would be a problem. The whole idea is to spread the burden out. It was recommended that the Benefits Administration Committee draft a set of guidelines to be used henceforth in the establishment of the employer contribution rates.

Following that explanation, a list of proposed employer contribution rates was distributed to the Board for review (copy on file). After some discussion,

MOTION duly made and carried to adopt the 1999-2000 employer contribution rates as recommended by PERF's actuary.

Proposed by: Teresa Ghilarducci
Seconded by: Jonathan Birge
Vote: 5 for, 0 against, 0 abstentions

Pension Relief Distributions

Pension relief distributions have not been calculated due to the fact that some cities and towns have yet to provide PERF with the information necessary to make those calculations. Therefore,

MOTION duly made and carried to authorize PERF staff to finish the necessary computations and make pension relief distributions as appropriate.

Proposed by: Jonathan Birge
Seconded by: Nancy Turner
Votes: 5 for, 0 against, 0 abstentions

2. LEGAL

State Board of Accounts Audit

Fifteen findings were reported in the July 1, 1997-June 30, 1998 State Board of Accounts ("SBA") audit report of PERF (report on file). Those findings concerned the Consolidated Retirement Fund, reserve reconcilements, financial accounting and reporting, investment compliance monitoring, investment accounting, investment transfers, communication of law changes, internal monitoring, returned warrants, internal control over collections,

personal use of State-owned vehicles, SDO Fund single purchase limit, collection of overpayments, payroll processing and signatures of supervisors, and annuity savings alternative investment funds. The majority of items identified in the report are things that PERF knew about and should be resolved largely through the Clarety project and through the creation of an internal audit function. Henceforth, it is expected that the report will be slimmed down considerably, and it is PERF's goal that there will be no findings on the part of the SBA.

Legislation Update

Mark Webb and Mary Beth Braitman reviewed for the Board legislation which had been signed by the Governor as it impacts PERF.

House Bill 1093

Section IC 2-3.5-2-10 - (Legislators' Plan)

Allows 457 deferred compensation amounts to be grossed up for plan purposes — consistent with federal law change.

Section IC 2-3.5-5-2 - (Legislators' Plan)

Allows accounts to be moved from PERF/TRF to Legislators' System as of any July 1.

Section 2-3.5-5-3 - (Legislators' Plan)

Allows legislators the ability to direct their defined contribution plans accounts — similar to PERF members.

Section IC 2-3.5-5-6 and 7 - (Legislators' Plan)

Allows legislators to select installment option payouts.

Section IC 4-3-3-2

Adds provision concerning the widow's benefit for surviving spouse of deceased Governor.

Section IC 5-10.2-2-3 - (PERF & TRF)

Provides limited changes to the valuation provisions of the new annuity savings account investment options.

Section IC 5-10.2-2-4 - (PERF & TRF)

Adds conforming changes to IC 5-10.2-2-4(c) to reflect annuity savings account changes.

Section IC 5-10.2-3-5 - (PERF & TRF)

Requires cash out of non-vested member accounts if inactive for two years and if total value of account is \$200 or less.

Section 5-10.2-4-1.3 - (PERF & TRF)

Adds new section to specify necessary elections and information on the retirement form.

Section IC 5-10.2-4-1.5 - (PERF & TRF)

Grants the ability to process pension benefits on an estimate basis; and then after a final benefit is established, make adjustments to compensate for any errors in the adjusted benefit.

Section IC 5-10.2-4-2 - (PERF & TRF)

Allows continued investment direction for a member's annuity savings account after retirement until such time as the member elects a lump sum (full or partial) or an annuitization of their account.

Section IC 5-10.2-4-7 - (PERF & TRF)

Allows a person who has a change in marital status post-retirement (i.e., marries or spouse dies) to elect a new co-survivor.

Section IC 5-10.2-4-8 - (PERF & TRF)

Provides for the cessation of a retirement benefit if an individual is retired for fewer than 90 days prior to returning to work in a PERF/TRF-covered position.

Section IC 5-01.3-5-4 and 21-6.1-3-18

Deletes provision that prohibited purchase of custodian stock (e.g., S&P 500 Index).

Section IC 5-10.3-6-7, IC 5-10.3-7-10, & IC 5-10.3-7-12.5 - (PERF)

Creates a reasonable penalty (\$100 per day) when information or dollars are not reported in a timely manner.

Section IC 5-10.3-7-2.7 - (PERF)

Corrects several situations where PERF erroneously enrolled members who had two positions covered by different systems for significant periods.

Section IC 5-10.3-7-4.6 - (PERF)

Allows members who were in an old police/fire fund and never vested but are now in a PERF-covered position to purchase their prior service at full actuarial cost.

Section IC 5-10.3-7-6 - (PERF)
Adds adoption leave credit.

Section IC 33-13-9.1-10-5 - (Judges)
Allows judges to purchase service they had under other Indiana public retirement systems (e.g., PERF or TRF) at the full actuarial cost.

Section IC 36-8-8-3 - (1977 Police/Fire Fund)
Provides that in the case of a conversion of a unit to a 1977 covered unit, age and physical and mental requirements in IC 3-8-8-7 would not apply.

Section 36-8-8-14.1 - (1977 Police/Fire Fund)
Provides additional benefits in the case of a death in the line of duty.

New Rule Adoption

In the past, the Legislature has granted PERF retirees cost-of-living increases in stairs step increments wherein individuals who retired in a certain decade received a particular percentage, individuals who retired in another decade received another percentage, etc. Therefore, an individual who retired prior to 1960, for example, may have had a monthly benefit of \$34. However, because of the stairs step COLA's, they may now be receiving \$585 per month. This year the Legislature decided to grant a COLA as well as an increase based on a formula which ties the COLA to the Consumer Price Index and the buying power at the time an individual retired. Statute stipulates that the June 30 Consumer Price Index will be used. However, that information is not available until the middle of July, and PERF benefit checks are due the middle of July. Therefore, PERF staff is recommending the adoption of a new rule which would allow implementation of this increase in an orderly fashion and still comply with the intent of the statute as follows:

- (a) A cost-of-living adjustment based on purchasing power replacement shall be calculated using the following elements for determinations made as of July 1:
 - 1. The Consumer Price Index-W from the prior March 31st shall be used.
 - 2. For comparative purposes, the appropriate prior years' March 31st CPI-W numbers shall be used.

3. Retirees will be grouped (based on their latest retirement or disability date) by 12 month periods running from July 2nd through the following July 1st. A single net adjustment percentage shall be calculated for each such group.
4. Minimum and maximum amounts in prior post-retirement adjustments shall not be taken into account.
5. So called "13th" checks shall not be taken into account.

(b) The elements shall be used in the following formula:

Compare the cumulative CPI increase for an affected group to the cumulative post-retirement cost-of-living adjustments for that group, as determined under (a), and increase that group's pension portion by the percentage (if any) determined by the fund actuary, as necessary to reach the minimum purchasing power established by the General Assembly (e.g., 50% for 1999, 57.4% for 2000).

(c) The increase shall be applied as of July of each year, beginning July 1, 1999.

PERF anticipates there will be approximately six individuals impacted by this legislative change in 1999 — the following year there will be approximately 2,800. Following further discussion

MOTION duly made and carried to authorize PERF staff to take the steps necessary to adopt a rule as so referenced (or in whatever final form they deem necessary) to allow the implementation of a cost-of-living adjustment based on purchasing power replacement.

Proposed by: Jonathan Birge
Seconded by: Steve Miller
Votes: 5 for, 0 against, 0 abstentions

3. FINANCIAL

Dave Yeater reported that on a ten month basis the Fund has spent \$3,468,318.50 which is \$549,322.33 over budget. However, a request for augmentation was submitted to and approved by the State Budget Agency in the amount of up to \$967,472.00.

4. ADMINISTRATIVE

Executive Director's Report

Bill Butler noted that there are a number of fairly significant issues. CBSI is currently in residence at the Teachers' Retirement Fund and working on the Clarety project. The Fixed Income Broad Agency Announcement was distributed approximately three weeks ago and submissions are due back by June 2. Additionally, the Fund is heading down the road of developing better operations so that better member services can be developed as well.

Budget Update

As earlier reported, the current year's fiscal budget is \$3.5 Million and will be augmented by nearly \$1 Million. Looking at the 1999-2001 biennium budget, staff's approach to the Budget Agency was that the Fund could be expected to spend at least that same amount. They also requested some additional monies on top of that for an internal audit function, temporary employees for the data cleansing effort, and Board fiduciary costs. As a result of those discussions, the Budget Agency's recommended budget for the forthcoming biennium has been increased from \$4,058,330 to \$4,896,035 for the first year and from \$4,058,330 to \$4,846,035 for the second.

Year 2000 Update

The FAMIS test specifications document was approved and final testing of the FAMIS system was completed. The Y2K office and staff at PERF approved the testing process and agree that this system is Y2K compliant. Efforts will now begin to move the compliant version of FAMIS back into production.

The IRIS system required some remediation. On April 26, 1999, the Y2K office provided a summary of the remediation efforts and some preliminary testing results. Remediation was required on 43 COBOL programs and 2 EZYTrieve Plus programs. This system will now be moved to the Keane Testing group who will verify Y2K compliance of the system.

With respect to software and hardware, an upgrade of the network operating system software has been done. After the upgrade has run without error for two weeks, the e-mail software will be upgraded. These upgrades will make both the network operating system and the e-mail system Y2K compliant. The majority of the hardware currently at PERF is scheduled to be replaced in August as part of the Clarety project. All new hardware will be Y2K compliant.

The Y2K office has received some feedback from various data customers/suppliers. If no response was received during the first inquiry, another letter will be sent requesting feedback. The Y2K office is also sending a letter to each data customer/supplier requesting their participation in running a test of the data flow process. Once that report has been finalized, a copy will be provided to PERF.

There has been an increased number of member inquiries, most of which want assurance that they will continue to receive their monthly check. Some individuals have requested a guarantee that nothing will go wrong. While PERF cannot "guarantee" they will not experience a problem, assurance is being given that they are taking extensive measures to insure that their facilities and computers are compliant.

In summary, all Y2K compliance activities are on scheduled and completion is anticipated by September 1.

Buildings Update

- a. 125 West Market Street - The 125 West Market Street building continues to be fully occupied. The non-operating expenses were worse than budget as a result of the cost of repairing a leak from the sidewalk into the basement in January.
- b. 143 West Market Street - The 143 West Market Street building is 65% occupied. The Indiana State Teachers' Association is in negotiation to relocate their claims division to the second floor of the building which was vacated by the Department of Revenue in January. The Governor's Planning Council for People with Disabilities is also in negotiation to expand into a portion of the vacated Department of Revenue space on the fourth floor. With these two movements, only 1,703 square feet of the 34,466 rentable square footage in the building will be vacant, translating into a 95% occupancy rate. Building repairs for the tenants affected by the flood have been completed. The net operating income was worse than budget due to rent abatements; however, that lost of rent will be recovered through insurance.

The total claim for all the damage to the Harrison Building following the flood is in the neighborhood of about \$560,000. The major piece of that was \$307,000 for reconstruction to all the floors. The drying process was \$197,000, and the remaining \$56,000 was due to rent loss, miscellaneous repairs and building management overtime.

New Units & Enlargements

MOTION duly made and carried to approve the following new units and enlargements:

New Units

- 1691 - Sullivan County Public Library
- 1692 - The LaPorte Municipal Airport Authority
- 1693 - Melton Public Library
- 1694 - Richland Township, Monroe County
- 1695 - Southern Indiana Development Commission

Enlargements

- 0478 - School City of Mishawaka
- 0480 - Michigan City Area Schools
- 0508 - Wabash Carnegie Public Library
- 0601 - Portage Township Schools
- 0644 - Logansport Community School Corporation
- 0653 - Rochester Community School Corporation
- 0860 - Cowan Community School Corporation
- 0898 - Town of Albion
- 0919 - Green County
- 1092 - Crown Point Community Schools
- 1135 - Jay School Corporation
- 1199 - Marion-Adams Schools
- 1202 - North Harrison Community School Corporation
- 1224 - Brown County
- 1287 - City of Union City
- 1375 - Northeast Dubois County School Corporation
- 1383 - Southwestern High School Cafeteria
- 1413 - Blue River Career Programs
- 1432 - Rising Sun Municipal Utilities
- 1474 - Morgan County
- 1525 - City of North Vernon
- 1531 - Town of Merrillville
- 1661 - Williamsport-Washington Twp. Public Library

Proposed by: Jonathan Birge

Seconded by: Nancy Turner

Votes: 5 for, 0 against, 0 abstentions

5. OTHER BUSINESS

Trustee Education and Planning Sessions

In previous Board discussions, the issue of conducting educational and planning meetings has been raised. The purpose would be to discuss such things as strategic planning, securities lending, and proxy voting, for example. Thus, the Trustees recommended that such a meeting be scheduled for October 22 (all day) and October 23 (half day) with an alternate date of September 24 and 25. Wm. M. Mercer will host the workshop at their offices in Chicago.

Guaranteed Fund Rate

The Board of Trustees is charged with setting a Guarantee Fund rate on a yearly basis prior to July 1.

Following some discussion,

MOTION duly made and carried to establish the Guaranteed Fund rate for the fiscal year 2000 at 1% above the assumed actuarial rate.

Proposed by: Jonathan Birge
Seconded by: Nancy Turner
Votes: 5 for, 0 against, 0 abstentions

6. ADJOURNMENT

There being no further business, the meeting was adjourned.

BOARD ASSIGNMENTS/FUTURE AGENDA ITEMS
(As reflected in meeting on May 20 & 21, 1999)

	Assignment	Agenda Item
Draft guidelines for establishment of employer contribution rate	BAC	
Review consultant's recommendations for Investment Policy change with respect to money market funds		IC
Securities Lending Report		IC
Prepare list of reports needed from new Clarety program	BAC	
Send letter to equity managers concerning reporting requirements	BB	
Schedule Trustee Workshop	KF/BB	
Real Estate Asset Analysis		BRD
Clarety Demonstration (1 hour)		BRD
Investment Policy Changes		BRD